**Providing Information to Retirees of the Judges, State Patrol and School Plans**

**2009 Benefit Payment Schedule**

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<td>January</td>
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<td>December</td>
<td>31</td>
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</table>

*If you use Direct Deposit and change banks or bank accounts after the 7th of any month, your payment may be delayed.*

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**Address Change/Request Form**

Please use this form to notify NPERS of a change of address OR to request an NPERS form. *(Please print)*

☐ Check here if this is a change of address. Your signature is required for an address change.

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**Review Your Tax Withholding**

Do you know that you can start, stop or change the tax withholding from your retirement benefit, any time you’d like? Once each year, federal law requires payment of taxes from each type of retirement plan annualy to satisfy the Required Minimum Distribution (RMD) rule, even if you don’t really need the money to live on. The RMD is easy to calculate if you have just one plan, but becomes more complicated with multiple retirement plans. Generally, you’ll need to take a distribution from each type of account. In other words, the RMD for your IRA would not satisfy the RMD for your 401(k). However, if you own multiple IRAs or 403(b)s, you can aggregate the total amount and take a withdrawal from just one account. You may choose how and when you take your distribution, such as any time during the year as a lump sum, or as a monthly, quarterly or semi-annual installment.

The exact distribution amount changes from year to year and is calculated by dividing an account’s year-end value by a life expectancy factor published by the IRS, which can be found at [www.irs.gov](http://www.irs.gov). Be sure to contact a tax professional if you need assistance. Contact NPERS to request the necessary form and for help in calculating your RMD.

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If you have questions, please contact NPERS at 800-245-5712 or 402-471-2053. For tax advice, you should contact a tax professional about your individual situation.

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If you need additional information or a form, please check the appropriate box(es) below:

☐ Withholding Certificate for Pension or Annuity Payments Form

☐ Direct Deposit Agreement Form

☐ Beneficiary Designation Form

☐ Other_____
COLA Set at 2.5%

A cost-of-living adjustment (COLA) acts to keep your benefit in step with the changing economy. As inflation raises consumer prices, your COLA reflects the economic increases by raising your monthly benefit accordingly.

Retirees of the School, Judges and State Patrol Plans who have received benefits at least one full fiscal year (July 1–June 30) are granted a COLA increase. This increase is based on the consumer price index (CPI), which is a tool developed by the U.S. Department of Labor to track the average costs of various items consumers buy over time. Tracked on a monthly basis, the costs are then averaged to come up with a yearly amount, which is essentially a measure of economic inflation. Each YEAR the CPI average for the year just completed is compared to that of the prior year to determine a percentage of change between the two years.

According to Nebraska law, your COLA percentage is either capped at 2.5%, or the increase in the CPI, whichever is less. For the year ending June 30, 2008, the CPI increase was 5.55%. As a result, the majority of School, Judges and State Patrol retirees saw a 2.5% increase in their benefits beginning last July, the same amount as the prior year’s COLA of 2.5%.

By law, a minimum or “floor” is set to a retiree’s purchasing power. For the School and Judges Plans, the floor is 75% of the purchasing power of the initial benefit. For the State Patrol Plan, the floor is 60% of the initial benefit. If your retirement benefit would erode to an amount below the minimum floor purchasing power, your benefit adjustment would reflect the amount necessary to return to the minimum purchasing power.

NPERS issued correspondence to all affected retirees at the end of July 2008. If you were eligible for the COLA increase, this letter explained the type of COLA and actual dollar amount of your increase. If you have questions about the COLA, please contact NPERS.

THE EASY EXPLANATION

BOX 1 shows everything NPERS paid to you in 2008.

BOX 2a is the amount that is taxable to you.

BOX 4 is the amount that was withheld for federal taxes.

BOX 5 is the amount that is not taxable.

BOX 10 is the amount that was withheld for state taxes.

BOX 1 (minus) BOX 2a = BOX 5

Coming Soon – 1099-R Tax Statements

Watch your mail in mid to late January for an envelope marked Important Tax Return Document Enclosed, which will include benefit information to be filed with your 2008 income tax returns.

Each box on the 1099-R (shown above) is defined on the back of the form. Make sure NPERS has your current address so you receive your 1099-R in a timely fashion.

Questions about individual tax liability should be directed to your accountant, the Internal Revenue Service or your state Department of Revenue.

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